

**BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

FILED

DEC 01 2015

**SECRETARY, BOARD OF
OIL, GAS & MINING**

**IN THE MATTER OF THE REQUEST
FOR AGENCY ACTION OF RIG II,
LLC, FOR AN ORDER FORCE
POOLING THE INTERESTS OF ALL
OWNERS REFUSING TO AGREE TO
LEASE THEIR INTERESTS OR
OTHERWISE BEAR THEIR
PROPORTIONATE SHARE OF THE
COSTS OF DRILLING OPERATIONS
FOR THE PAPPADAKIS #15-24-2-1E
WELL IN THE DRILLING UNIT
ESTABLISHED BY THE ORDER IN
CAUSE NO. 139-42, COMPRISING
SECTION 24, TOWNSHIP 2 SOUTH,
RANGE 1 EAST, U.S.M., WITHIN THE
GREATER ALTAMONT-BLUEBELL
AREA, UINTAH COUNTY, UTAH, FOR
THE PRODUCTION OF OIL AND GAS
FROM THE LOWER GREEN RIVER
AND WASATCH FORMATIONS.**

**MOTION TO DISMISS
BIRFURCATED PORTION OF
REQUEST FOR AGENCY ACTION**

Docket No. 2014-44

Cause No. 139-26

RIG II, LLC (“**RIG II**”), by and through its counsel of record, moves the Board of Oil, Gas and Mining (“**Board**”), pursuant to R641-105-300 of Utah Admin. Code (2014), to continue this matter until the regularly scheduled hearing on January 28, 2015. The grounds for the Motion are as follows:

1. RIG II filed its Request for Agency Action (“**Request**”) on November 12, 2014, requesting the Board to differentiate the correlative rights in the Spaced Interval in the Drilling Unit described in the above caption, to quantify those rights for proper allocation of costs for production, to involuntarily pool those oil and gas interests not heretofore voluntarily pooled, to

assess the risk compensation award, and to make other findings, as required by *Utah Code Annotated* § 40-6-6.5 (West Supp. 2014).

2. RIG II subsequently filed a Motion to Bifurcate Hearing to exclude lands owned by the State Road Commission, (now Utah Department of Transportation) (“**UDOT Lands**”) managed by and through the Division of Fire, Forestry and State Lands (“**DFFSL**”) and lands held by the United States, as trustee, and for the Heirs and/or Devisees of Che-aga-rah, aka Henry Reeve, and of George Parvedro, allottees, of the Uintah and Ouray Reservation (“**Excluded Lands**”), and to continue consideration of the Excluded Lands and their owner’s interests to a subsequent hearing. The Board granted the motion by bench ruling at the hearing.

3. The Board heard this matter at its regularly scheduled hearing on January 28, 2015; and on March 16, 2015, entered its Findings of Fact, Conclusions of Law, and Order (“**Order**”) force pooling those interests that were not excluded from the January 28, 2015 hearing.

4. Since entering the Order, RIG II has requested, and the Board has granted, a number of continuances, allowing RIG II the opportunity to finalize the process of procuring leases for the excluded lands.

UDOT Lands

5. In June of 2015, DFFSL leased the UDOT Lands to Anderson Exploration Company (“**Anderson**”). *See* Exhibit 36. Anderson subsequently assigned the Anderson lease covering the UDOT Lands to Badlands Energy—Utah, LLC (“**Badlands**”). *See* Exhibit 37. Badlands and RIG II have entered a cooperative relationship under an Agreement of Mutual Interest regarding the subject lands. *See* Exhibit 38.

6. DFFSL consented to the pooling of the UDOT Lands pursuant to the Declaration of Pooled Unit. *See* Exhibit 39. Therefore, RIG II no longer seeks to force pool the interests within the UDOT Lands.

Indian Lands

7. On October 21, 2015, the Acting Superintendent of the Bureau of Indian Affairs, Uintah and Ouray Agency, executed Oil and Gas Exploration and Development Lease Allotted Indian Lands 14-20-H62-6568 for and in behalf of the heirs and devisees of Che-aga-rah, aka Henry Reeve, to Rig II. *See* Exhibit 40.

8. Also on October 21, 2015, the Acting Superintendent of the Bureau of Indian Affairs, Uintah and Ouray Agency, issued Oil and Gas Exploration and Development Lease Allotted Indian Lands 14-20-H62-6569 for and in behalf of the heirs and devisees of George Parvedo, allottee, to RIG, II LLC. *See* Exhibit 41.

9. RIG II is pursuing the execution of a communitization agreement under which the Indian Lands will be voluntarily pooled with other lands in the drilling unit.

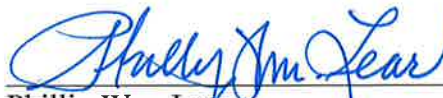
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10. Counsel for the Division has authorized RIG II to acknowledge that the Division has consented the admission of the RIG II's Exhibits Nos. 35 through 41 and disposition of the matter in this fashion.


Wherefore, in light of the foregoing facts, RIG II moves the Board to enter an order (a) acknowledging the voluntary pooling of the UDOT Lands and Lease, (b) acknowledging the issuance of the Indian Leases, and (c) dismissing the Request for Agency Action insofar as it

applies to the Excluded Lands.

Dated this 1st day of December, 2015.



Phillip Wm. Lear



Clifford B. Parkinson
Attorneys for RIG II